

**JOINT LEGISLATIVE FISCAL COMMITTEE**

Legislative Office Building, Rooms 210-211

Concord, NH

Friday, January 4, 2019

**MEMBERS PRESENT:**

Rep. Mary Jane Wallner, Chair

Rep. Peter Leishman

Rep. Susan Ford

Rep. Ken Weyler

Rep. Lynne Ober

Rep. Patricia Lovejoy (Alt.)

Sen. Lou D'Allesandro

Sen. Dan Feltes

Sen. Cindy Rosenwald

Sen. Chuck Morse

Sen. Jay Kahn (Alt.)

(The meeting convened at 10:08 a.m.)

**(1) Organization of Committee.**

MARY JANE WALLNER, State Representative, Merrimack County, District #10 and Chair: Good morning. Welcome -- can you hear me out there? Okay. Good.

Good morning and welcome to the first Fiscal meeting of 2019. And I'm Mary Jane Wallner. I'm the Chair of the Fiscal Committee. The Chair of the Fiscal Committee is in law so I got the job. I didn't have to get elected to it. One of our first orders of business today is to elect a Vice-Chair of the Committee, and I would look to the Senate.

DAN FELTES, State Senator, Senate District #15: Thank you, Madam Chair.

CHAIRWOMAN WALLNER: Senator Feltes.

**\*\* SEN. FELTES:** Thank you very much, Madam Chair. I move Senator D'Allesandro Vice-Chair.

CHUCK MORSE, State Senator, Senate District #22: Second.

CHAIRWOMAN WALLNER: Thank you. Senator D'Allesandro has been nominated as the Vice-Chair of the Committee. Any further nominations? Hearing none, nominations are closed. All in favor of Senator D'Allesandro say aye? Any opposed? Thank you.

**\*\*\* {MOTION ADOPTED}**

CHAIRWOMAN WALLNER: Thank you, Senator D'Allesandro.

LOU D'ALLESANDRO, State Senator, Senate District #20: Thank you to my colleagues. Thank you, Senator Morse.

CHAIRWOMAN WALLNER: We also need to elect today a clerk and -- yes.

**\*\*** SUSAN FORD, State Representative, Grafton County, District #03: Madam Chair, I'd like to recognize Ken Weyler as the Clerk of the Fiscal Committee.

CHAIRWOMAN WALLNER: Do I hear a second?

CINDY ROSENWALD, State Senator, Senate District #13:  
Second.

CHAIRWOMAN WALLNER: Representative Rosenwald seconds and Representative -- Senator Rosenwald. It will take me years to get to change that. And Representative Ford nominates Representative Weyler. All in favor of Representative Weyler to serve as clerk? Any opposed?

**\*\*\* {MOTION ADOPTED}**

**\*\*** CHAIRWOMAN WALLNER: Thank you. And I would like to take this opportunity to appoint Michael Kane as our legislative assistant for the next -- or Legislative Budget Assistant for the next two years. I don't think I need to tell this Committee what a great job Michael does for us. And I know that many of the people in the public know that Mr. Kane has been a

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wonderful, wonderful Budget Assistant and his team do a great job for us. So I would move that we appoint Michael Kane as the Legislative Budget Assistant.

SEN. FELTES: Second.

SEN. D'ALLESANDRO: Second.

CHAIRWOMAN WALLNER: Senator Feltes seconded. All in favor? Any opposed? Great. Thank you.

MICHAEL KANE, Legislative Budget Assistant, Office of Legislative Budget Assistant: Thank you.

\*\*\* {MOTION ADOPTED}

CHAIRWOMAN WALLNER: We look forward to working with you and your full team. They're wonderful. Thank you.

MR. KANE: Thank you.

CHAIRWOMAN WALLNER: The next order of business is to adopt the rules. I hope that everybody -- does everybody have the rules in front of them?

\*\* LYNNE OBER, State Representative, Hillsborough County, District #37: Yes. I move to approve the rule.

CHAIRWOMAN WALLNER: Representative Ober moves to approve the rule.

SEN. D'ALLESANDRO: Second.

CHAIRWOMAN WALLNER: Do I hear a second?

SEN. D'ALLESANDRO: Second.

CHAIRWOMAN WALLNER: Senator D'Allesandro seconds. Any discussion on the rules? All in favor of accepting the rules? Any opposed? Thank you. The rules are accepted.

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\*\*\* {MOTION ADOPTED}

CHAIRWOMAN WALLNER: These rules actually are -- all the rules and procedures are consistent with the rules we have had in the past with the Committee. So for the public you can take a look at the rules if you're interested in them.

(2) Acceptance of Minutes of the November 16, 2018 Meeting.

CHAIRWOMAN WALLNER: And let's turn to the agenda. The first order of business is in the acceptance of the minutes of November 16<sup>th</sup>.

\*\* REP. OBER: Move to approve.

SEN. D'ALLESANDRO: Second.

CHAIRWOMAN WALLNER: Representative Ober moves and Senator D'Allesandro seconds. Any discussion of the minutes? All in favor? Any opposed?

SEN. MORSE: I abstain.

SEN. FELTES: Me, too.

REP. FORD: Yes. (Simultaneously with other members.)

CHAIRWOMAN WALLNER: We have two abstentions. Oh, we have a number of abstentions. Let's go through this. We've got Senator Feltes, Senator Morse, Senator Kahn, Representative Leishman, and Representative Ford abstain. And I'm going to ask do we have enough that would -- five-five.

MR. KANE: Yes, it's not a majority.

CHAIRWOMAN WALLNER: What?

MR. KANE: That's not a majority.

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CHAIRWOMAN WALLNER: That's not a majority. Okay.

PETER LEISHMAN, State Representative, Hillsborough County, District #24: I'll revoke my --

CHAIRWOMAN WALLNER: Oh, okay. Thank you, Representative Leishman. Representative Leishman removes his abstention. So any discussion of the minutes? The minutes of November 16<sup>th</sup> pass.

\*\*\* {MOTION ADOPTED}

(3) Old Business:

CONSENT CALENDAR

(4) RSA 9:16-a, Transfers Authorized:

CHAIRWOMAN WALLNER: Next we turn to Item (4), Consent Calendar. Are there items that people would like to take off of the Consent Calendar? Seeing none. Seeing none.

\*\* REP. OBER: Move to approve.

SEN. FELTES: Second.

CHAIRWOMAN WALLNER: Representative Ober moves to approve and Senator Feltes seconds. Any discussion? All in favor? Any opposed?

\*\*\* {MOTION ADOPTED}

(5) RSA 14:30-a, VI Fiscal Committee Approval Required for Acceptance and Expenditure of Funds Over \$100,000 from Any Non-State Source:

CHAIRWOMAN WALLNER: Now we move to Item (5). And I know that there are a number of items that people would like to have taken from the Consent -- from this Consent Calendar. And can we go through which ones people would like to have taken off the Consent.

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REP. LEISHMAN: Nine -- Madam Chair, 19-003.

CHAIRWOMAN WALLNER: 19-003. Okay. Any others?

JAY KAHN, State Senator, Senate District #10: 010.

CHAIRWOMAN WALLNER: Ten.

REP. OBER: I'd like to take off 16.

CHAIRWOMAN WALLNER: Sixteen.

REP. OBER: I'd also like to take off 20.

CHAIRWOMAN WALLNER: And 20. Any other items off the Consent Calendar? Then I would like to have a motion to adopt the remainder of the Consent Calendar.

\*\* SEN. ROSENWALD: So move.

CHAIRWOMAN WALLNER: Senator Rosenwald moves.

SEN. D'ALLESANDRO: Second.

CHAIRWOMAN WALLNER: And Senator D'Allesandro seconds. All in favor accepting the Consent Calendar? Any opposed?

\*\*\* **{MOTION ADOPTED}**

CHAIRWOMAN WALLNER: Let's move now to Item 19-003, Department of Transportation. And do we have someone who could come up to answer some questions for us? Thank you. Introduce yourselves.

VICTORIA SHEEHAN, Commissioner, Department of Transportation: Good morning, Madam Chair, Members of the Committee. For the record, Victoria Sheehan, Commissioner for the Department of Transportation. And with me today are the Deputy Commissioner, Chris Waszczuk, and the Director of

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Finance, Marie Mullen. Since this is the first meeting of Fiscal, we wanted to make sure that we were all present to answer questions you may have.

CHAIRWOMAN WALLNER: Thank you. And does the Committee have questions about this item?

REP. LEISHMAN: I do, Madam Chair.

CHAIRWOMAN WALLNER: Yes, Representative Leishman.

REP. LEISHMAN: Thank you, Madam Chair, just a couple of questions concerning the settlement. As you know, the proposed settlement said proposed funding allocations would suggest municipalities get some money, the Department of Transportation. What concerns me in the letter that we received is that the proposed replacement of 30 vehicles none of those trucks were for -- seem to be replaced in a three-year period, though I certainly understand why you'd like to get the replacement of these trucks.

The concern I have, I understand municipalities have requested any funds. And under the mitigation report there are like 4300 trucks that would be eligible for funding under this program. So I'm a little concerned with the request of \$3 million be removed from the fund. Again, under the proposed funding allocation, it kind of makes sense; but my concern going forward with all of the municipalities that have vehicles that should be replaced the fund certainly won't be there for that. But, more importantly, too, I guess a number of these trucks appear to be still in fairly good condition. And because they would be participating in this mitigation fund they would all have to be destroyed. So those trucks that would go typically to the White Farm for auction wouldn't be available for all these independents to come to the auction to buy State trucks. So I'm just curious of your thoughts on the matter.

MS. SHEEHAN: So I'll begin by addressing your first question which was concerning the allocation of the funds to the Department of Transportation. The Office of Strategic

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Initiatives in partnership with Environmental Services Department established a plan on how to best utilize the VW Settlement funds. That was after robust public process and that plan was adopted by the Trustee appointed by the court in California to oversee this particular settlement. Within the plan there is an allocation of approximately 15.5 million that's been identified for the replacement of both state and municipal trucks.

In the plan they further defined that 9.3 million to be used to replace municipal vehicles and 6.2 million would be used to replace State vehicles. In coordination with the Department of Administrative Services, DES, and OSI were able to establish of all the State vehicles that are eligible for these federal funds, 79% of those vehicles are owned by the Department of Transportation. And so that's how we arrived at the amount of money that we are requesting to accept and expend. It's our share of the State portion as outlined in the plan for the first two years, based on what we anticipate to be the funds available. As the settlement outlines, we don't receive all of the money at one time. It's released incrementally over a period of years.

The other reason the Department is coming forward first is because we have the ability to utilize the funds immediately. We're going to have to be a competitive solicitation so that we can identify which municipal vehicles would be replaced and that will take time for OSI and DES to administer, whereas we know what vehicles are eligible at the State level and we're able to move forward more quickly. So are there any further questions with respect to the overall program itself?

REP. LEISHMAN: I do, Madam Chair.

CHAIRWOMAN WALLNER: Representative Leishman.

REP. LEISHMAN: So I'm fairly familiar with the program and did see the breakdown in the mitigation plan. I guess going back to the letter that we received from you dated December 17<sup>th</sup>, of those 30 vehicles you didn't plan to replace any of them

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within the next three years. So I guess the concern they appear to be, at least based on your letter, in relatively good shape if they weren't considered for replacement within the three-year period, and all of those vehicles will be destroyed under the mitigation plan because of the --

MS. SHEEHAN: We do have replacement parameters that we aspire to when we look to replace our vehicles. We have a number of vehicles that have exceeded those replacement parameters. We believe the backlog in fleet investment is actually around 39 million. So when we say that we were not anticipating replacing these trucks in the next three years that's not because those vehicles are in ideal condition. It's because we don't have the funding currently, if it wasn't for this program to replace the vehicles.

I'm going to turn it over to Deputy Commissioner Waszczuk and he can explain the fleet replacement parameters which might give you some more context.

CHRISTOPHER WASZCZUK, Deputy Commissioner, Department of Transportation: Good morning. One of the criteria that the VW requires is that replacement of any vehicle is not within the agency's or entity's replacement program. So that's why we noted in the letter that it's not within our replacement program for the next three years, because that is a criteria of receiving VW funding. They're not -- those funds are not to be used for replacing funds that agencies or private entities may utilize as part of their current plans. And as the Commissioner noted, what we're doing is we're -- we have such a backlog of, you know, particularly the heavy trucks and extra heavy truck which are six -- six-ton vehicles and ten-ton vehicles. Right now 30% or 117 of those vehicles are well beyond our replacement criteria, which is 12 years and 15 years or two hundred and 250,000 miles on those vehicles. So it's not like those vehicles that we are replacing are in good condition. They are -- all those vehicles, I think, will be over ten years old and I think all those vehicles once they're replaced will almost achieve 200,000 miles per each of those vehicles.

So they're -- they're overdue and we are just using these -- by using these funds we're able to address some of the backlog. It doesn't address all the backlog. It addresses some of the backlog.

REP. LEISHMAN: And one quick follow-up, if I could, Madam Chair?

CHAIRWOMAN WALLNER: Yes.

REP. LEISHMAN: You may not be the right folks to address this question, but the mitigation report says that there's more than 4300 municipal vehicles that could, in fact, qualify.

Do you know if there's been an effort to notify municipalities of the availability of these funds because one of the points in the mitigation settlement was this was supposed to benefit the taxpayer. So, clearly, if these are going back to cities and towns, it would probably more directly benefit the municipal taxpayer versus, say, the State getting the vehicles. So do you know if there's been an effort to get that word out there?

MS. SHEEHAN: I do not believe the funds are available because OSI will do a solicitation and specifically ask municipalities to come forward with the replacement vehicles that they would like to use these funds to be able to replace. So OSI could probably brief you more fully on what their plan is and the timeline as to when that solicitation would be going out.

REP. LEISHMAN: Thank you.

REP. OBER: Madam Chairman.

CHAIRWOMAN WALLNER: Further question. Yes, Representative Ober.

REP. OBER: Commissioner, I'd like to think we all know every acronym in the state. But when you use an acronym could

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you please not use the acronym unless you plan to define it as well. Because OSI is going to do something but I don't know who that is or where they are.

MS. SHEEHAN: Office of Strategic Initiatives. I'm sorry.

REP. OBER: So is he here, Jared here supporting you this morning with this?

MS. SHEEHAN: I don't believe so.

CHAIRWOMAN WALLNER: Further question? Seeing none. Thank you for coming up to the table to answer questions. Do we have a motion?

KEN WEYLER, State Representative, Rockingham County, District #13: No, we don't have a motion.

CHAIRWOMAN WALLNER: We don't?

\*\* SEN. D'ALLESANDRO: I would move the item.

SEN. MORSE: Second.

CHAIRWOMAN WALLNER: Senator D'Allesandro moves the item and Senator Morse seconds. Further discussion? All in favor? Any opposed? The motion passes.

\*\*\* **{MOTION ADOPTED}**

CHAIRWOMAN WALLNER: Thank you for coming. Move now to the Department of Justice and this is Item 19-010, authorizes to accept and expend 240,408 in Federal funds through June 30<sup>th</sup>. I can't remember who asked to take this one off the table.

SEN. KAHN: I did.

CHAIRWOMAN WALLNER: Oh, Senator Kahn. Thank you.

SEN. KAHN: Thank you, Madam Chair.

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CHAIRWOMAN WALLNER: Could you introduce yourself?

GORDON MACDONALD, Attorney General, Department of Justice: Good morning, Madam Chair. My name is Gordon MacDonald. I'm the Attorney General. With me is Kathy Carr who is the Director of Administration for the Department of Justice.

CHAIRWOMAN WALLNER: Thank you.

SEN. KAHN: Thank you. Just wanting to understand the scope of the 42 total fingerprinting machines that there are. Where are we placing?

ATTORNEY GENERAL MACDONALD: This is essentially a pass-through grant to the Department of Safety. And the Department of Safety will use it for its own purposes with respect to New Hampshire State Police and then distribute it to local law enforcement agencies, distribute the machines to local law enforcement agencies.

SEN. KAHN: Madam Chair, if I may?

CHAIRWOMAN WALLNER: Yes.

SEN. KAHN: All 42 are distributed to local law enforcement and not to the Department of Safety's motor vehicle locations?

ATTORNEY GENERAL MACDONALD: This would be for -- to the extent that the Department of Safety uses it, it would be in the Division of State Police to support State Police operations, and I don't know what their plans are with respect to distributing it to the local troops.

SEN. KAHN: Right. And this -- the machines that we're talking about, are there -- the reason I'm wanting to pursue this is, you know, we've had a lot of backup -- backlog issues around fingerprinting and criminal history background checks in the state. I certainly have had a number of constituents that have found that sometimes it's because the machines are out of

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order. And so getting to replace 22 of these I think is, indeed, addressing a Department of Safety high priority.

I'm wondering how far into that need we're going, we're able to go by replacing 22 of these machines. Is there another 22 that need to be done in the subsequent Fiscal Year? Because there's some advantage, I assume, for having the machines to be on a comparable platform, comparable age service agreements, things like that.

ATTORNEY GENERAL MACDONALD: Excellent question, Senator. I'll be transparent. I don't know the answer. I don't know to the extent to which there's been analysis of -- of the machines that are out there that need to be replaced to address the issue that you've -- that you've raised. And the -- but what I will say is there is very outdated technology out there in the field, and we need to catchup the technology to the -- to the extent we can so that we can best integrate our law enforcement with national -- national resources, including those of the FBI. And so these are federal funds available to us to replace outdated fingerprinting machines to help us at least with respect to the machines that we will be able to replace to catchup with that technology.

CHAIRWOMAN WALLNER: Thank you.

SEN. KAHN: Thank you.

CHAIRWOMAN WALLNER: Senator Rosenwald.

SEN. ROSENWALD: Thank you, Madam Chair. Good morning. Are these the machines that anybody who's moving to New Hampshire and wants to get a professional license would have to get their fingerprints done onto?

ATTORNEY GENERAL MACDONALD: I don't know, Senator.

SEN. ROSENWALD: Could I just ask one follow-up?

CHAIRWOMAN WALLNER: Yes.

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SEN. ROSENWALD: If somebody -- I know we are trying to increase the number of people who can come here and work. If somebody is living in another state but wants to move to New Hampshire and get a professional license, do you know if they have to come to New Hampshire to get their fingerprints taken?

ATTORNEY GENERAL MACDONALD: I do not know the answer to that, Senator.

SEN. ROSENWALD: Okay. Thank you.

CHAIRWOMAN WALLNER: Thank you. Representative Ober.

REP. OBER: Thank you, Madam Chairman. Good morning. Happy New Year.

ATTORNEY GENERAL MACDONALD: Hello.

REP. OBER: Your -- basically, your role in this is a pass-through agency. The money comes to you. You pass it through to the agency that really could answer the questions you've been asked; isn't that correct? Isn't that where we sit here?

ATTORNEY GENERAL MACDONALD: Yes, thank you for the question, Representative. Happy New Year to you. The Department of Justice is the recipient agency for all funds flowing from the U.S. Department of Justice. So we are frequently in the position of simply acting as a pass-through. And our role is to maintain the financial and to ensure the financial integrity of the grant funds that the State receives through our agency.

REP. OBER: Thank you.

CHAIRWOMAN WALLNER: Thank you. Further questions? Seeing none. Do we need a motion?

\*\* REP. OBER: I move to approve.

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CHAIRWOMAN WALLNER: Representative Ober moves to approve the item.

SEN. KAHN: Second.

CHAIRWOMAN WALLNER: And Senator Kahn seconds. Any discussion? Any discussion? All in favor? Any opposed? Motion passes. Thank you.

\*\*\* {**MOTION ADOPTED**}

ATTORNEY GENERAL MACDONALD: Thank you.

KATHY CARR, Director of Administration, Department of Justice: Thank you.

CHAIRWOMAN WALLNER: Now we are moving on to number 016 in our book, and this is an item for Health and Human Services. Thank you. Introduce yourselves.

KERRIN ROUNDS, Chief Financial Officer, Department of Health and Human Services: Yes, Kerrin Rounds, CFO.

CHRISTINE SANTANIELLO, Director, Division of Long-Term Supports and Services, Department of Health and Human Services: Chris Santaniello, Division Director, Long-Term Supports and Services.

WENDI AULTMAN, Bureau of Elderly and Adult Services, Department of Health and Human Services: Hi, Wendi Aultman, Bureau Chief for Bureau of Elderly and Adult Services.

CHAIRWOMAN WALLNER: And I know that Representative Ober has some questions.

REP. OBER: Thank you, Madam Chairman. These aren't really going to be for Kerrin. These aren't really financial questions. This is an item that the Fiscal Committee has previously voted down.

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MS. SANTANIELLO: Hm-hum.

REP. OBER: At the time we voted it down, we had a lengthy discussion.

MS. SANTANIELLO: Yep.

REP. OBER: And there were many open items --

MS. SANTANIELLO: Hm-hum, hm-hum.

REP. OBER: -- issues and questions that were not answered.

MS. SANTANIELLO: Yes.

REP. OBER: So, Director, when you had contacted me and said the paperwork was redone --

MS. SANTANIELLO: Hm-hum.

REP. OBER: -- I had really thought we would see --

MS. SANTANIELLO: Yep.

REP. OBER: -- the answers to those questions.

MS. SANTANIELLO: Okay.

REP. OBER: And not only were we not able to get the questions, it's unfortunate that they weren't even addressed. But one of the biggest concerns and one of the things we talked about the most was what are the written objectives for this program if you take the money? What are the measurements that you will use --

MS. SANTANIELLO: Yep.

REP. OBER: -- to measure whether you get the program done, and how will you evaluate it and provide --

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MS. SANTANIELLO: Hm-hum.

REP. OBER: -- information to us and there's just no mention of that, again, unfortunately --

MS. SANTANIELLO: Okay.

REP. OBER: -- in this documentation, and I'm a little disappointed.

MS. SANTANIELLO: Yep.

REP. OBER: I have to tell you that we don't see that and I'm sure you're sitting here thinking I wish we put it in as well, but we don't know what you're expecting to do. We don't know how you're going to measure it.

MS. SANTANIELLO: So I apologize if the information was not clear. The whole purpose of this grant is to assist the Department in its No Wrong Door and ServiceLink Program to develop outcome measures. So we will develop outcome measures to measure the effectiveness of our ServiceLink and No Wrong Door, which Wendi can get into more detail if needed, and then we will measure ourselves against the outcome measures that we develop.

The nice thing about this 100% federal grant is that there's seven states. New Hampshire is one of them that was chosen that working together with our federal partners, the Administration for Community Living, will develop outcome measures for each state; but then the Administration for Community Living will take all of those outcome measures and use those as outcome measures across nationally. So we'll be at the forefront of developing those outcome measures that meet our needs as well as our federal partners.

REP. OBER: Follow-up, Madam Chairman.

CHAIRWOMAN WALLNER: Yes.

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REP. OBER: So your testimony is that you're going to use \$324,000 to write outcome measures. And -- but if you're writing outcome measures, you're asking for \$2,500 for out-of-state travel, 3,000 for in-state travel.

MS. SANTANIELLO: Hm-hum.

REP. OBER: I just can't see spending \$324,000 to write some outcome measures. You don't even know -- you haven't even said how you're going to know if you write the right outcome measures. This is kind of where we were before.

MS. SANTANIELLO: So we will receive technical assistance to assist us to develop the outcome measures, and there may be an option and an opportunity to travel out-of-state to meet with the other states, as well as the Administration for Community Living. And we would much rather target the resources of the grant to travel out-of-state for the work than use our State resources.

CHAIRWOMAN WALLNER: Further questions? Senator Kahn.

SEN. KAHN: Thank you, Madam Chairman. There is a technology plan that HHS has wanting to move forward with.

MS. SANTANIELLO: Hm-hum.

SEN. KAHN: And I believe it's relative to better integration --

MS. SANTANIELLO: Hm-hum.

SEN. KAHN: -- of your long-term services.

MS. SANTANIELLO: Yep.

SEN. KAHN: And some of the other large service --

MS. SANTANIELLO: Hm-hum.

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SEN. KAHN: -- providing entities in the Department.

MS. SANTANIELLO: Yep.

SEN. KAHN: So is this grant something that is informative to that information development system so that --

MS. SANTANIELLO: Hm-hum.

SEN. KAHN: I mean, I'm trying to be respectful of Representative Ober's point here, but also recognize that maybe this is a building block towards a platform and an important one because whatever these indicators are --

MS. SANTANIELLO: Right.

SEN. KAHN: -- are going to be essential --

MS. SANTANIELLO: Hm-hum.

SEN. KAHN: -- for developing the and installing the information system, improving the efficiency of delivery to people in the state.

MS. SANTANIELLO: Sure. Senator Kahn, I think Wendy can elaborate on that. But as part of our No Wrong Door initiative, it is the information referral, the place people go for long-term supports and services, whether that be through Elderly and Adult Services, Developmental Services, Community Mental Health Centers. And so if we're looking at our data outcomes and we look at that across all, what are we asking, what are we collecting, what pieces of information, and we have consistency that will become the building block for integrated data.

MS. AULTMAN: I would just say to add to that the technical assistance that we will benefit from with this grant will help us to inform the larger picture in terms of the IT initiative and how we measure the effectiveness of the LTSS services and supports that we do provide. So we do plan to, as a result of

this technical assistance, inform the other initiatives that are going on.

SEN. KAHN: Thank you.

REP. OBER: Madam Chairman, follow-up on that. Miss Rounds, I guess I do have a financial question. If you're looking at IT and IT structures, none of that appears in the budget you have presented to us. Therefore, I mean, this budget is primarily for consultants and for travel and \$5,500 to cover expenses in the office, but nothing about IT in here. Nor does it mention IT in the documentation submitted. Is the budget correct, Miss Rounds?

MS. ROUNDS: Yes.

REP. OBER: Thank you.

CHAIRWOMAN WALLNER: Further questions? Seeing none. Thank you.

\*\* SEN. D'ALLESANDRO: I move the item.

CHAIRWOMAN WALLNER: Senator D'Allesandro moves the item.

REP. LEISHMAN: Second.

CHAIRWOMAN WALLNER: And Representative Leishman seconds. Any further discussion of the item? All in favor? Any opposed?

REP. OBER: I'm opposed.

CHAIRWOMAN WALLNER: Representative Ober wants to be recorded as opposed to the item. Thank you.

\*\*\* {MOTION ADOPTED}

CHAIRWOMAN WALLNER: We'll move on now to Item 19-020. It is a Department of Justice item. Welcome back. Thank you.

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ATTORNEY GENERAL MACDONALD: Madam Chair, if I -- not intending to preempt the discussion, I would respectfully request that this item be withdrawn.

CHAIRWOMAN WALLNER: Thank you.

ATTORNEY GENERAL MACDONALD: And resubmitted, if appropriate.

CHAIRWOMAN WALLNER: Thank you for that. We appreciate it. Thank you. So Item 19-020 was withdrawn. Thank you.

**(6) RSA 124:15 Positions Authorized:**

CHAIRWOMAN WALLNER: And now we'll move on to number (6) in our book, and this is for positions authorized and 19-005, Department of Information Technology. Do I have a motion?

\*\* REP. OBER: Move to approve.

SEN. FELTES: Second.

CHAIRWOMAN WALLNER: Representative Ober moves to approve, Senator Feltes seconds. Any discussion of the item? All in favor? Any opposed? The motion is accepted.

\*\*\* {MOTION ADOPTED}

**(7) RSA 14:30-a, VI Fiscal Committee Approval Required for Acceptance and Expenditure of Funds Over \$100,000 from Any Non-State Source and RSA 124:15 Positions Authorized:**

CHAIRWOMAN WALLNER: Now we move into Fiscal authorization to accept and expend funds over \$100,000. Do I have any -- let's go first to 19-006. Any discussion?

\*\* REP. LEISHMAN: Move to approve.

SEN. FELTES: Second.

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CHAIRWOMAN WALLNER: Representative Leishman moves to approve, Senator Feltes seconds. Any discussion? All in favor? Item passes.

**\*\*\* {MOTION ADOPTED}**

CHAIRWOMAN WALLNER: I should have probably done these altogether. 19-013.

**\*\*** REP. OBER: Move to approve.

SEN. D'ALLESANDRO: Second.

REP. FORD: Second.

CHAIRWOMAN WALLNER: Representative Ober moves and Representative Ford seconds. All in favor? Any opposed? Item passes.

**\*\*\* {MOTION ADOPTED}**

CHAIRWOMAN WALLNER: 19-018, Health and Human Services item. Do I have a motion?

**\*\*** SEN. D'ALLESANDRO: Move to approve.

CHAIRWOMAN WALLNER: Senator D'Allesandro moves to approve. Seconded by?

SEN. ROSENWALD: Second.

CHAIRWOMAN WALLNER: Senator Rosenwald. All in favor? Any opposed? Seeing none, no opposition, the item has passed.

**\*\*\* {MOTION ADOPTED}**

CHAIRWOMAN WALLNER: Moving on to 19-025, Health and Human Services item for \$550,000 in Federal funds.

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REP. OBER: I have a question.

CHAIRWOMAN WALLNER: Yes, discussion on this item. Do we have someone from Health and Human Services? Thank you.

PATRICIA TILLEY, Deputy Director, Division of Public Health Services, Department of Health and Human Services: Good morning, Madam Chair. I'm Patricia Tilley. I'm the Deputy Director of Division of Public Health Services.

CHAIRWOMAN WALLNER: Thank you. I think Representative Ober has a question.

MS. TILLEY: Good morning.

REP. OBER: Good morning. We read the paperwork which is sometimes kind of annoying, but this one is just kind of interesting. You submitted this on December 31<sup>st</sup>. We are meeting on January 4<sup>th</sup>. January 1<sup>st</sup> was a holiday, and this says effective and retroactive to January 1<sup>st</sup>, 2019, which is just a couple of days ago. So what have you spent on January 1<sup>st</sup>, the holiday, the 2<sup>nd</sup>, and the 3<sup>rd</sup> that you're asking us to file this as retroactive?

MS. TILLEY: Thank you for that question. We have not spent anything in that time. We were requesting to be retro-active. There is a federal travel in January 15<sup>th</sup> and 16<sup>th</sup> and we were concerned about the timing in getting here. So we wanted to be sure we had time to get here and then get to Governor and Council to accept the funds. So that was the reason for the request for a retroactive approval.

\*\* REP. OBER: Thank you. Madam Chairman, I'd be happy to move to approve.

CHAIRWOMAN WALLNER: Okay.

REP. FORD: Second.

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CHAIRWOMAN WALLNER: Representative Ober moves to approve and Representative Ford seconds. Any discussion? All in favor? Any opposed? Thank you. The item passes.

\*\*\* {MOTION ADOPTED}

(8) RSA 198:15-y, III, Public School Infrastructure Fund:

CHAIRWOMAN WALLNER: Moving on to Section (8) of our book. This is the Public School Infrastructure Fund.

\*\* REP. OBER: Move to approve.

CHAIRWOMAN WALLNER: Item 19-014. Representative Ober moves to approve.

SEN. D'ALLESANDRO: Second.

SEN. FELTES: Second.

CHAIRWOMAN WALLNER: Senator D'Allesandro seconds. Any discussion of the item? All in favor? Any opposed? Item passes.

\*\*\* {MOTION ADOPTED}

(9) RSA 228:12 Transfers from Highway Surplus Account:

CHAIRWOMAN WALLNER: Moving on to Item (9) in our book, 19-007, Department of Transportation. Do I have a motion?

REP. OBER: I have a question.

CHAIRWOMAN WALLNER: Oh, we have a question. Okay. If we could have someone from Department of Transportation come up.

MS. SHEEHAN: Good morning.

REP. OBER: Good morning.

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CHAIRWOMAN WALLNER: Good morning. Thank you for coming back up again. For the record, do you want to identify yourself?

MS. SHEEHAN: Again for the record, Victoria Sheehan, Commissioner for Department of Transportation, and with me are the Director of Finance, Marie Mullen, and the Deputy Commissioner, Chris Waszczuk.

REP. OBER: This is probably a question for the Director of Finance. You're asking to move almost \$6½ million into the account so you can take care of our snow, and I appreciate that. I like having the roads clean; but it doesn't seem to me like we've had many snowstorms that you should need to transfer so much money already into this account. So could you kind of explain that for me? I know we have had a couple of snowstorms.

MARIE MULLEN, Director of Finance, Department of Transportation: Yeah. November was actually a very heavy month for us compared to usual. Usually November is very light, but November was a very heavy month. December was a little lighter but we're -- so we're trending towards our average. And what we're trying to do is avoid -- we are concerned about the timing with the February meeting. If -- as we're looking at our historical in trends and where we are with January and February, it would -- we would trend over our budget and we'd be short by the \$6 million. We want to be able to pay our rental equipment vendors and those folks.

I don't know if you remember last year, but we had a late emergency item for additional funds that were needed in February, and so we wanted to avoid that situation again and come proactively for the funds based on our history and knowing that we -- we were not budgeted for our five-year average.

REP. OBER: Follow-up.

MS. SHEEHAN: Another piece I'd like to stress that we were underfunded for an average winter to begin with. This is trending to be an average winter so we're asking for an increase to bring us up to that level. Should the frequency of storms

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pick up, we may be coming back to Fiscal if we have a worse than average winter; but, obviously, at this stage we can't anticipate what Mother Nature is going to deal us as a hand. So we are just asking for an average winter at this point.

CHAIRWOMAN WALLNER: Representative Ober.

REP. OBER: Commissioner, you actually were acting as my straight man for my next question. As I recall last biennium, not only did you need an emergency one, but concerned whether you would run out of money. And I looked at this request at the back of the book, and then I looked at the very first request which we passed on Consent Calendar for you of a huge amount of money out of the Highway Fund to get software, and I'm like if we are going to run out of money for salt, why are we taking Highway Fund money? So I'm a little concerned as you are, Commissioner, that if you have an above average winter that you're not going to, when you're asking for this amount of money now, that you're not going to have enough funds available even to transfer. Because last biennium that was a concern as you recall. We had that conversation. Have you looked ahead to that because request to spend money on software when we are worried about paying for snow concerns me.

MS. SHEEHAN: The health of the Highway Fund has been a concern to all of us. During the last budget there were General Funds transferred into the Highway Fund to balance the budget and at that we were still budgeted for less than average winter. So we are looking at all of our expenses and making sure that we are prioritizing the projects and the initiatives that make sense. We are still striving to be more efficient and investing in software tools that can help us manage when funding is tight. It's essential if we are going to improve our efficiency and be able to be nimble and addressing these issues. But we do have a concern and as we go forward with the budget for 2020 -- 2020-2021, we are going to have the same conversation about the need to increase the investment for both winter maintenance and our fleet.

REP. OBER: I'd just like to make a final comment going into budget, again, you mentioned it. I agree with you. I think any software needs should go into your budget from General Funds and we should not try to take it out of the Highway Funds. That's my personal opinion, but I think in fairness to you with your mission and what you have to do and the fact that you need both, you need to get perhaps money out of the General Fund like the other agencies do to support your technology needs. So I hope you'll think about that.

CHAIRWOMAN WALLNER: Thank you.

MS. SHEEHAN: Thank you.

CHAIRWOMAN WALLNER: Senator Morse.

SEN. MORSE: I'd just like to understand from an accounting point of view what's the difference between making this transfer into the account and leaving the money in the surplus? I mean, we all know we're going to approve this if something were to happen. I mean, the number was a little bigger last year; but what's the -- what's the difference from the Department's point of view?

MS. SHEEHAN: So we are trending over budget at this point in time in certain class lines. And so as Marie had shared, we are asking to move the money from surplus into the account because we do believe we're going to need it in those class lines. We may have to come back to Fiscal and ask for additional funding if the frequency of storms was to increase. But at this time we are only asking for average because that's what we think we are going to spend based on the current trending.

SEN. MORSE: I guess what I'm looking at and, I mean, I haven't looked at lapses or anything from last year, but the -- what happens from the point of view of you've got lapses in the surplus fund or lapses in this account you're transferring to? Anything different?

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MS. SHEEHAN: If we don't spend the money -- this is specifically for overtime, for salt, and for payment of our hired contractors. So if we don't have storms, we don't incur those expenses. It would lapse back into the surplus. But I do believe --

SEN. MORSE: In either case?

MS. SHEEHAN: -- we need all of these funds because of where we're trending as of today.

SEN. MORSE: I'm not debating that. I'm not -- I certainly believe the way we budgeted was fine. The coming here and doing this is fine; but, in any case, it all ends up in the surplus.

MS. SHEEHAN: Correct.

CHAIRWOMAN WALLNER: Thank you. Senator Rosenwald.

SEN. ROSENWALD: Thank you. Does -- is there a difference between transferring this now and not doing so that in your budget for the next year?

MS. SHEEHAN: Our concern is that based on the current '19 budget, if we were to wait until a later Fiscal meeting we may be in a position where we have exceeded our budgeted amount in certain class lines which would interrupt payments to contractors or mean that we couldn't purchase salt. That's why we're being proactive in coming here today.

CHAIRWOMAN WALLNER: Senator Morse.

\*\* SEN. MORSE: I move to approve.

SEN. FELTES: Second.

CHAIRWOMAN WALLNER: Senator Morse moves to approve. Senator Feltes seconds. Any further discussion? All in favor? Any opposed? Motion passes?

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\*\*\* {MOTION ADOPTED}

CHAIRWOMAN WALLNER: Thank you. Thank you very much for coming up.

MS. SHEEHAN: Thank you.

(10) RSA 604-A:1-b, Additional Funding:

CHAIRWOMAN WALLNER: Our next item is Tab (10) in our book and that is 19-008.

\*\* REP. LEISHMAN: Move to approve.

CHAIRWOMAN WALLNER: Judicial Council. Representative Leishman moves to approve.

REP. OBER: Second.

SEN. D'ALLESANDRO: Second.

CHAIRWOMAN WALLNER: Got seconds all over the place. Senator D'Allesandro seconds. Any discussion? All in favor? Any opposed? Motion passes.

\*\*\* {MOTION ADOPTED}

(11) Chapter 355:3, Laws of 2018 Transfer; Department of Health and Human Services:

CHAIRWOMAN WALLNER: And our Tab (11) is 19 -- Item 19-024, Department of Health and Human Services. And I know that we have several questions on this item so we invite people up. Thank you.

MS. ROUNDS: Kerrin Rounds, CFO.

JOSEPH RIBSAM, Director, Division of Children, Youth, and Families, Department of Health and Human Services: Good morning. Joe Ribsam, Director of DCYF.

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CHRISTINE TAPPAN, Associate Commissioner, Division of Human Services and Behavioral Services, Department of Health and Human Services: Good morning, and Happy New Year. Christine Tappan, Associate Commissioner for Human Services and Behavioral Health for the Department of Health and Human Services.

CHAIRWOMAN WALLNER: Thank you very much for coming up. And I know we have several questions, but I would just like to start by asking Miss Rounds if she could talk to us a little bit about the financial situation, and what it means if we do approve this \$900,000, what that means for the Sununu Youth Center?

MS. ROUNDS: Sure, I can talk a little bit about it. Then I would ask either Joe or Chris to elaborate on the programmatic side.

Without this transfer, we will go -- we will run out of money in our Class 10 in our personnel line in approximately two weeks. Could be a little shorter, little longer than that, but that's what we're estimating right now.

I think the risks to that probably are obvious. We would have to eliminate some of the staff at that center. The result of that, like I said, I will let them speak, too, from a programmatic side, but this request is to go entirely into that line. And I would just add statutorily we're also authorized to ask for another 1.8 million and we are anticipating asking for that sometime in the next two Fiscal meetings because this 900,000 will bring us about a month, month and a half, maybe two.

CHAIRWOMAN WALLNER: Thank you.

REP. OBER: Madam Chair. Miss Rounds, how much are you spending a week on Class 10 approximately?

MS. ROUNDS: I don't remember the weekly amount. I can get that for you.

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REP. OBER: Thank you.

CHAIRWOMAN WALLNER: Thank you. Mr. Ribsam.

MR. RIBSAM: I would just add from the programmatic side the facility we had -- we -- hum -- had to reduce staffing back in June as a result of the original projected funding that we would have, which included these funds and the funds that Miss Rounds just spoke about, and we had to reduce staffing significantly then. The impact that had on the facility was -- was pretty negative, pretty rough. Having less YCs available, less programming available for youth means that those youth that have more violent activities, more other inappropriate outbursts, would then yield the need to have more YCs and more staff engaging with those youth. The only way you really get around that is by having appropriate programming for the young people who are in the facility and appropriate programming requires appropriate staffing.

So while I understand the challenge around what we all see as a declining census at SYSC and the idea that we should reduce staffing accordingly, when you reduce that staffing below a number that's really safe for kids you're hurting the kids in the facility. I think that's programmatically the position we'll find ourselves in.

Right now things are starting to stabilize a bit because the reduction of census that started to come close to what the actual staffing was following the reduction that occurred back in June. So any further reductions are going to really, in my opinion, hurt kids.

CHAIRWOMAN WALLNER: Thank you. I do have one further question and I will ask the others. But -- so one of the requirements for the additional appropriations of 900,000 and then there's another 1.8 million, I believe, is that there were certain policies that needed to be developed and put in place. And I know that you have responded to us that some of those have been put in place. I would like to ask the Department if they would give us those policies in writing and have a meeting with

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Division III. I would ask Chairman Nordgren, who's going to be chairing that -- that Committee, to hold a meeting with Department to talk about those policies and to come to a clear understanding of how those policies are working.

MR. RIBSAM: Absolutely, be happy to do that. As -- I don't know if many of you were in the SYSC Committee meetings earlier in the fall and we discussed there the changes that were occurring within the facility. The process of actually writing them into policy is a challenge given the staffing we have around policy writing staff, but that's something we prioritize. We identified at that time there were 21 policies impacted by the changes we were making, written policies. Six of those were identified as core policies that needed a top to bottom rewrite. The others that were just more tangentially related had -- just have no cross reference in things updated. Those six core policies are all done. I actually have copies of them here, but we can bring them to a future Division III meeting. And the other balance we're working through the process and we'll have those out shortly.

CHAIRWOMAN WALLNER: Thank you. I'll have Representative Nordgren contact you.

MR. RIBSAM: Great.

CHAIRWOMAN WALLNER: Further questions? Yes, Senator Kahn.

SEN. KAHN: Thank you, Madam Chair. Maybe this is some inexperience showing in the question here, but I'm curious from the Department's perspective, assuming the transfers that you assumed for the year, which would total about 50% of the original budget, and the census is going down, I'm wondering in establishing the budget what were the assumptions that didn't connect with the actual spending need for this facility?

MR. RIBSAM: And I personally wasn't part of all those conversations; but my understanding was that there was, you know, there was really a need to bring the budget down to something that we thought would be feasible for the system and

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try to reach a point where we could still maintain state staffing of the facility and bring the budget to a place where it would be achievable to move through the process here and through the budget process.

What we ultimately ended up with I think ended up being a little bit lower than we should have done. We probably should have put a little more. I don't know whether that would have blown or not given how contentious it was in the moment. But at the end of the day, I think we are at a point today where the staffing is starting to level off with the number of youth who are in the facility. So at the time the projection was we would have, you know, somewhere in the thirties. Right now the staffing is somewhere in the mid-twenties or the number of youth in the facility is only in the mid-twenties and that's where we are.

Even with that, some of the programs have been sacrificed. We had to let go of our media specialist, our librarian. We had to let go of our auto shop teacher so we're no longer giving auto shop. We had to let go some other initiatives so there's less being provided. Those things are -- they're losses that we really need to think about going into next year.

SEN. KAHN: Thank you.

REP. OBER: Madam Chairman.

CHAIRWOMAN WALLNER: Senator Morse.

SEN. MORSE: That actual census right now, can you give us that number?

MR. RIBSAM: Today there are 23 youth in the facility.

SEN. MORSE: So when you would go through two -- coming back here twice we're talking about \$400,000 for a first one. I think that's where the Legislature has concern and you certainly are looking to a \$14 million number in the next budget that, you

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know, we go up to around 700,000. So I guess our concern was what's been developed on the outside --

MR. RIBSAM: Hm-hum.

SEN. MORSE: -- because that's where we put the other money into, and it didn't seem to happen.

MR. RIBSAM: So there was a lot of record building on the outside. The reality is that the need on the outside is so much greater than the amount of money that is put in today. The need in our residential program in the community has been ignored for about a decade. And the results of that is you have residential programs and it's not at the level of clinical intensity that it needs to be. That's another huge ask going into next year's budget to try to address that. It's something that we've got further conflicts in additional care for children and we discussed these conflicts when we first presented services back in October. We had a conversation around that. I think that's another huge conversation we're going to have going into next year about how do we actually pivot that external system.

My personal opinion coming into this from another state for a long time and only being here for about a year is that some of the approach that we've taken to this over the past couple years has been to look at the place where we don't want the kids to be in a committed facility and try to make the reduction there without building the alternative system first. And we had that same experience in New Jersey. We had 15 years ago we built our system of care for kids and had a dramatic reduction in the number of kids in Juvenile Justice. But that happened because we built the alternative system that prevented the kids from getting there. It wasn't starting at the back and trying to work forward.

SEN. MORSE: Further.

CHAIRWOMAN WALLNER: Yes.

SEN. MORSE: I would agree with you and I applaud where we are today; but we appropriated a pretty large sum of money to build that outside because that's where most of us wanted to go with this. I believe that's all going to show up in a lapse. I don't -- when we get done reviewing last year, it doesn't look like money was used to do what we wanted to get to. You want to go forward now but what's been done?

MR. RIBSAM: So there was -- there was one new program that was developed, another new program that was supposed to be developed but the vendor after the contract was awarded told us they couldn't do what they were asked to do. So that's back out for RFP right now. There was also rate increases given to all the existing providers. So the funding that was identified last year has all been spent. The reality is that the state of the system was such that it needed a lot more than that. I know that's a hard thing to hear because I know it was a significant investment, but the state of the system was really in grave need at that point. And this was a step in the right direction but didn't get us all the way where we needed to be.

SEN. MORSE: It's not hard to hear. We believe that's where we should go and, obviously, we were at 70 when we started this and we're down to 23 you're telling me. So I think that's because the laws have been changed.

MR. RIBSAM: Hm-hum.

SEN. MORSE: I certainly believe we want to build the outside services.

CHAIRWOMAN WALLNER: Further question? Senator D'Allesandro.

SEN. D'ALLESANDRO: Just one. Thank you, Madam Chair. It's great to hear that we are going in the right direction. My question focuses on the institution, the building itself. What the heck are we going to do with that huge facility? That costs a fortune to maintain.

MR. RIBSAM: It does.

SEN. D'ALLESANDRO: And, indeed, there's got to be a purpose. There's got to be a purpose for that facility. It's a magnificent, really, facility. So my question is we only have 22. We've got a portion of it rented out to another entity. In the big plan that you're putting together, what's going to happen to the vacant areas of that building? How can they be utilized to service the people of New Hampshire who need those services?

MR. RIBSAM: Yes. And I think, you know, that's one of the things and, Senator, I know you were also on the Committee this fall and one of the things that was considered there. We had -- there's essentially four units or pods or whatever word you want to use and each one has three different floors on it, each floor holds 12 kids, 36 kids per pod, 144 total.

Currently, we have one of those pods for the Substance Use Disorder Program that opened in November. One of the pods are vacant. The other two pods are being used for secure committed youth, detained youth. One of the challenges around the design compared to our population right now is that even though there's only 22 youth, we need to have five floors operating because you have distinct needs of those youth. Combining those needs wouldn't be prudent. So you have a floor that has to be reserved for girls. They can't be co-mingled with boys obviously. We have a floor that's reserved for kids who have kind of our most intensive and violent tendencies. We have a floor that's dedicated for youth with behavioral health challenges, and a floor that's dedicated for youth with substance use challenges within the committed population, and mixing those floors isn't clinically appropriate. So you have three floors for the boys, one for the girls, and then there's another one for what we call the Crisis Stabilization Unit, which is a unit when young folks go into crisis it's a place where they can cool down, have one-on-one supervision away from the rest of the population.

So one of the real challenges, even though there's only 22 youth, it's hard to put 22 youth in one building with those

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distinct populations. So it's one of the things we need to wrestle with and talk with; but certainly the vacant building that exists today, you know, the SYSC Committee in the fall made some -- carved some recommendations. That's a really serious conversation for us to have in this Legislative Session about what exactly it is that we want to do with that space, because I agree with you entirely, to let it go vacant is a waste of a valuable resource.

SEN. D'ALLESANDRO: Further question.

CHAIRWOMAN WALLNER: Yes.

SEN. D'ALLESANDRO: The other exiting facilities on the campus that are mothballed, is there a plan to either get rid of them or retrofit them so they can be serviceable? You have two buildings that were used in the past. I think police used it for training, but that's no longer in existence. The question is somebody has to think about what's going to happen to that valuable, valuable facility as we move forward. And, indeed, as these changes are taking place seems to me it all should be coordinated so it could all be done so we could get the maximum efficiency out of what we're doing.

MR. RIBSAM: I couldn't agree more. I think, you know, the decision that was made historically around these buildings was essentially, as you said, to mothball them and that's where we still stand today. You know, the cost of bringing them back into service would be -- I don't know what exactly it would be -- but would be a cost. So that's another conversation I think that needs to happen that's bigger than what the -- what the Division or Department can cite along.

SEN. D'ALLESANDRO: Thank you.

CHAIRWOMAN WALLNER: Thank you. Representative Ober.

REP. OBER: Actually, Senator Morse's second question is what I was going to ask the Director. He answered it very well.

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MR. RIBSAM: Thank you.

CHAIRWOMAN WALLNER: Representative Weyler.

REP. WEYLER: Thank you, Madam Chair. Director, I look at 17 teachers for 22 kids. Most of it is one-on-one virtually. And last time I checked the teachers were only teaching about three hours a day. Is it possible to have them teach four? Can they teach multiple subjects or does each one only have one subject they teach? Seems like a lot of staff for 22 children in this school.

MR. RIBSAM: Sorry, I'm just trying to double-check what those numbers are.

REP. OBER: I think we're reading the documentation you submitted.

REP. WEYLER: Reading it in the item. The chart on Page 6 or 7. Seems like another opportunity to make a reduction of one or two jobs which could save you quite a bit of money.

MR. RIBSAM: Yeah, I think certainly something to consider. One of the real challenges to the education program is in order to maintain our special-education certification from DOE, you have to have credentialed individuals covering various subjects. One of the real challenges when the reduction occurred back in the spring is that you had to have people who were certified to cover all of those subjects. You had to, you know, when you made your reduction you had to make sure you had enough people left to cover those subjects. But I do -- if that's the right number and I apologize, but I don't remember off the top of my head whether that is the right number, it certainly seems that there's room there for us to consider what that should look like.

REP. WEYLER: Thank you. Thank you, Madam Chair.

REP. OBER: Madam Chairman.

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CHAIRWOMAN WALLNER: Yes, Representative Ober.

REP. OBER: Perhaps -- I'm not trying to run your business. This is an education matter and I wonder if Division II might partner with Division III, bring Commissioner Edelblut in, work with Director Ribsam and look into that question. It's reasonable, and if he's running up against some regulations that are making his life difficult, I think a conversation might be good.

CHAIRWOMAN WALLNER: Thank you. We appreciate that suggestion, and I'm sure that Representative Ford will remember that when her Committee -- her Division is meeting. Any further discussion on this item? Do I have a motion?

\*\* SEN. D'ALLESANDRO: Move the item.

SEN. FELTES: Second.

CHAIRWOMAN WALLNER: Senator D'Allesandro moves the item and Senator Feltes seconds. Any further discussion? All in favor? Any opposed? Item passes. Thank you for all the information you provided.

\*\*\* {MOTION ADOPTED}

(12) Miscellaneous:

(13) Informational Materials:

CHAIRWOMAN WALLNER: I believe that brings us to the end of the agenda for our regular items. In our book there are a number of informational materials. Are there any one who want further information on the informational materials? Seeing none, we'll move into our audit.

(Senator Morse leaves the committee room.)

Audits:

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CHAIRWOMAN WALLNER: We have the State of New Hampshire Comprehensive Annual Financial Report. Invite the auditors up.

STEPHEN C. SMITH, Director, Audit Division, Office of Legislative Budget Assistant: Good morning, Madam Chair, Members of the Committee. Happy New Year! For the record, Steve Smith, Director of Audits with the LBA. And joining me this morning from KPMG who is under contract with our office to perform the audit of the State CAFR is Brock Romano. He's a partner with the firm and the manager on our engagement Jennifer Renaud. And also from Administrative Services to present the report is Commissioner Arlinghaus and Dana Call, our State Comptroller.

DANA CALL, State Comptroller, Department of Administrative Services: Hi.

MR. SMITH: Before I turn it over to KPMG, I just want to alert the Committee they did accept back in November, the Fiscal Committee accepted the release of the CAFR when available and that was posted on the website, I believe, on the 28<sup>th</sup>.

And, also, inside the front cover, if you haven't already found it, is a document looks like this from KPMG. That's what he will be talking to and we thought we would put a lot of the required communication in writing for you to kind of expedite the presentation. So, with that, I'll turn it over to Brock.

BROCK ROMANO, Audit Partner, KPMG: Thank you, Steve. Good morning, Madam Chair, Members of the Committee. For the record, my name is Brock Romano. Again, Audit Partner with KPMG. I'm probably going to do most of the chatting this morning. Our intention is to be brief; but, certainly, if there are questions the Committee has on our presentation or the CAFR, we'd be more than happy to go into some detail.

So, with that, I'm going to move into the handout; and, again, the handout is really just a mechanism to facilitate the conversation.

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Whenever I meet with governing bodies to present audited financial statements, the first item that I cover is our audit opinion. In this CAFR that's 160-plus pages, there are three pages that are KPMG's and that relates to our opinion, and I'll just briefly touch upon some of the key items contained therein.

So the headline news, obviously, is the opinion and it's unmodified opinions. Basically, that means that the financial statements are presented fairly in all material respects in accordance with Government Auditing Standards, Generally Accepted Auditing Standards and fairly presented in accordance with the GASB standards.

In the governmental model there are what we call multiple opinion units and each of those -- each of those carry an unmodified opinion.

Our opinion also this year refers to the adoption of a new accounting pronouncement, GASB 75. I'm going to let the folks from DAS speak more to that. It was a fairly significant pronouncement this year.

Some of the Committee Members may recall a few years ago there was a similar pronouncement related to pensions where some large liabilities eventually got reported on the financial statements. As of today, there are approximately 3 billion of those pension and OPEB liabilities that are now reflected on this CAFR. So fairly significant -- fairly significant pronouncement for this year.

Our opinion also refers to some other -- other information, including the required what we call RSR required supplementary information. The Governmental Accounting Standards Board requires certain information be presented, typically on budgetary information, as well as the status funded -- status of your post-employment benefit plans. I'm just going to flip in in terms of the handout.

There are some -- next page it deals with responsibility. Again, this is more really reminders. I don't know there's

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anything here that's breaking new ground. But in terms of the responsibilities, I mentioned before it's 160-plus page document, Management responsibilities, largely because they do have -- bear the brunt of the responsibility when it comes to that CAFR in terms of presentation, disclosures, internal controls, and Fiscal Committee reminders I think is an oversight in governance.

And I'm going to flip into the next page for KPMG's responsibilities. Our responsibilities are basically outlined in the professional standards, both Generally Accepted Auditing Standards and Government Auditing Standards. And, again, Government Auditing Standards is required in this particular case because of the federal funds that the State of New Hampshire receives. You'll be hearing more about those federal fund audits in March.

And basically the audit is designed to attain reasonable assurance the financial statements are fairly presented. We do consider internal controls, and we basically focus on what we call unusual transactions that might be more complex or unusual or not routine, new accounting pronouncements, things of that nature.

Moving on, in terms of the required communications, again, whenever I meet with audit committees or equivalents we talk about the profession does have some required communications. Generally, I describe these as a way for the auditors to communicate to a governing body those key matters and matters that may be indicative of some difficulties encountered in performing the audit. You'll notice from the required communications that the -- generally most of these required communications are indicated with nothing of significance to report. So we didn't have any difficulties in terms of performing the audit. We had great cooperation, both from the LBA and Admin Services, as well as all of the other departments involved.

I'm going to move on to really wrap up, you know, our part of the presentation. And the last page is really just some

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reminders of new accounting pronouncements. The GASB is a prolific rulemaking body. They show no -- they show no trend towards slowing down. There are always new accounting pronouncements. Nothing as significant as the pension and OPEB standards that were recently adopted, and we we'll work with Management to make sure these are properly implemented and reflected in future CAFRs.

So, with that, I'm going to pause. If there's any questions of KPMG for generalize. If not, I would turn it over to DAS and have them hit some of the highlights in the CAFR.

CHAIRWOMAN WALLNER: Any questions at this time? Proceed.

MS. CALL: Good morning. Dana Call, Comptroller. I just want to first and foremost say to everyone, Karen Burke is here, my Director of Financial Reporting, and as well as all the agencies and departments that help us put this document together. It is a daunting task and a daunting document, but it takes a lot of effort and coordination.

As mentioned, a big initiative this year was to implement the new OPEB standards and that is Other Post-Employment Benefits for those that maybe aren't familiar with that acronym. It is, again, it was a big -- we've talked about it in past years that it is coming, and it is something that we have disclosed in our footnotes in the past, but this is the first year it stands on the face of the balance sheet, as Brock mentioned. With \$3 million in long-term liabilities, it has an impact on the State's net position which is actually in a deficit at this point when you look at the government-wide. And I can point out that page if that's helpful, just the balance sheet position on Page 31 is what we're referring to and shows all of our non-current liabilities and our assets. So we do have assets supporting that. But it is -- it's not uncommon and it is probably something that every state is facing this year to see that large of a number on the balance sheet.

And, also, I point out on Page 58 in our footnotes, we explain sort of how we got from last year's numbers to this

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year's numbers. We have a chart that shows you that change in the deficit net position, and it's simply because of a restatement of prior year numbers to match up with the current accounting standards. So not to worry, very common, but just wanted to point that out because it is a big number.

And so also wanted to point out we, the State, has that liability but so do our component units and all our enterprise funds. So there was a large effort this year in implementing the standard in that all of the enterprise funds, some of which are audited by these folks, and then our component units like Community College System, they show up in our report. They're a separate column, but they do have a separate stand-alone audit that is audited by other external auditors. So their external auditors had to get a comfort level with what they were reporting for OPEB liabilities this year as well. So there's a lot of coordination, more than past years, in terms of getting all of those numbers reflected in this Comprehensive Annual Financial Report. So, thankfully, that was smooth and we were able to do it on time. So that is our goal. But I'll let Charlie thank a few others.

CHARLES ARLINGHAUS, Commissioner, Department of Administrative Services: The only thing I was going to say this is perhaps the most boring document in State Government. And I say that because all the contenders cross my desk, and this is number one on the list; but it's also the most important document in State Government. If we don't do this and it's not done well, we have to cease operations as an entity, which would be difficult as a state. And I would say that -- and I have so very little to do with this, except attending meetings where I spend half of them understanding and half of it going, oh, my God, what are they talking about. If you've ever been in a meeting with really good accountants that happens. But I say that to you to say that we have -- we have good auditors, we have a good LBA, and we have probably the best financial team the State has had in modern history.

I think Dana, as many of you who work with her will attest to this, probably the best suited Comptroller that we've had in

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20 years probably and that we have a very strong team. Dana works very hard. Karen Burke, who's the head of Financial Reporting, works very hard, Catherine Bogan and her entire staff. And I'll say this that they all worked every day in December, except the one, the 25 after, and I think that was a close call. And that's -- that's a testimony to their success. I say that because you should know that, you know, I went to I don't know how many audit status meetings, 14-ish, something like that. And the stuff that gets discussed is -- is wonderful and it would bore us all to tears. And -- but there are people that are very, very smart, very good people who are looking at everything the State of New Hampshire does in excruciating detail and doing a very good job of it. And we could very easily have presented this document and everybody gone, you know, everything's good, because that's the fundamental report is everything's good.

MS. CALL: Also just want to say for those in the audience we will have additional copies. We did a quick run for today's meeting 'cause we did just issue it last week. But we'll have plenty additional copies for those that need them.

MR. ARLINGHAUS: And it's on the web.

MS. CALL: And it's on the web.

SEN. D'ALLESANDRO: Well, it was on the web earlier.

MS. CALL: Yes.

REP. OBER: You can search it on the web.

MS. CALL: Any questions?

CHAIRWOMAN WALLNER: Yes, Senator D'Allesandro.

SEN. D'ALLESANDRO: Thank you, Madam Chair. Charlie, we've been without Comptrollers for a long time in the state. There were periods in time where we had one and left us and so forth. But the work that's been done in the past few years has really

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been outstanding, and I commend you. I commend the staff. I commend everybody in Admin Services for the work that has been done. We have a team now, and they are delivering, and it's the most difficult task in State Government. The most difficult task in State Government. So I agree completely with your statement. You can write about me in the newspaper.

MR. ARLINGHAUS: Thank you. I appreciate that and somebody who remembers Art Fowler --

SEN. D'ALLESANDRO: I remember Art Fowler and Ralph Brickett in the old days.

MS. CALL: I do want to mention, thank you to the budget writers that gave us a Deputy Comptroller. That was a new occurrence in the last year and I know Commissioner Quiram sort of begged for that, and it really made a big difference because it's not just me, and having multiple levels of people to handle this and everything that it comes with was critical. So I do want to mention that. Sheri Rockburn is not here today but she's been wonderful.

CHAIRWOMAN WALLNER: Further questions, comments?

REP. LEISHMAN: Just a quick question.

CHAIRWOMAN WALLNER: Yes, Representative Leishman.

REP. LEISHMAN: Nice to see you all. Commissioner, was there anything that stuck out in your mind of an issue that would concern you, the State's long-term debt or anything that came to mind?

MR. ARLINGHAUS: There's nothing from an audit standpoint. I mean, obviously, financially, everyone's aware of you can look at debt certain ways and how are we funding certain debts and pension obligations and all of that. And -- but they tend to be operational sort of budgetary things, not anything to do with the structural way we keep our books. That's not to say that there aren't every day hundreds of little things that you come

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across and, you know, I mean, some of the discussion strikes people as minutia, but there's some person somewhere in State Government for whom that's an important part of their life. But no, there are no real major things.

I mean, I -- one of the things I'm struck by typically, it's particularly true when you look at other states, it's easy to say every state in the country can say, you know, we're better than Illinois; but we're actually -- not to pick on Illinois but, you know, why not? But, you know, I think that -- I think that we do -- you know, we operate in a much sounder, less gymnastic way than most every state.

REP. LEISHMAN: Thank you. Nice to see you.

CHAIRWOMAN WALLNER: Further comments? Questions? Senator Kahn.

SEN. KAHN: Yes, thank you, Madam Chair. I actually find these exciting.

MR. ARLINGHAUS: That's good.

SEN. KAHN: I say that in my driest voice. But I think it's important for us to understand a couple of things about the new accounting standards and how it alters the financial picture. Because people -- people who review these things more often than me find meaning in adding the deferred liabilities for benefits or other employment -- deferred employment payments as important, right? So -- and that's why we're here.

So to the good side, you know, there's a billion dollars of net assets offset by all these deferred liabilities. That's what it looks like the report's saying. And I guess one of the questions that I -- I try to get a feel for from the auditing team is you get to see this over 50 states. And as you then relate to the bond markets and those who review financial statements for future lending, is our adjustment in line with what you would expect? Does this have -- present any kind of

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different outlook for the State of New Hampshire relative to future financial activity?

MR. ROMANO: I guess the mic made its way to me so they expect me to answer the question. I'd be more than happy.

I think that's an excellent question. I will -- I will say that I think one of the most important pages in the document is -- is in the RSI section where the pension and OPEB liabilities are contained, especially trend information, what's the funded status. And I kind of took down some notes as I was preparing for this meeting. And we have two -- two OPEB plans. One, a fairly small one at the Retirement System for the medical subsidy that's about 8% funded; the larger OPEB plan that's about \$2 billion is not funded. And I will tell you that that's been my experience that more often than not these OPEB Plans are not funded. I think there is a robust discussion going on with your equivalent parties at other states about trying to fund that. What I've seen is states trying to either take a dedicated revenue stream, like a tobacco settlement money or large surpluses that may occur and try to attempt to start funding those obligations. But you are not unusual in the fact that currently they are, at least the OPEB plans, really not funded.

In terms of the pension plans, I did a stint at the New Hampshire Retirement System 10 or 12 years ago, I remember when that plan was 100% funded.

REP. WEYLER: How many years ago?

MR. ROMANO: Ten, 15 years ago; back probably early 2000, late '90s, and now it's by my notes about 63% funded. I will tell you that that's kind of middle of the pack from what I see for other large states. I think the market just hasn't cooperated enough. And it's been a challenge, it's been a challenge to fund those liabilities. But I think to your point, you know, is this alarming, do the bond rating agencies look at these large liabilities and penalize you in any great way? I think currently no, because your peer states are kind of in a similar position.

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If we reach a point in time where other states start to aggressively fund this, I can envision a time where if you are kind of lagging your peer states that there may be, you know, there may be a -- you know, it may go -- it may become noticed. But, to me, the more important thing is are you able to fund the pay-go amounts, and I think that's kind of -- hasn't been a strain on the State of New Hampshire, to my knowledge, but they are large liabilities.

Again, sorry for a long-winded answer, but I find this very exciting, too. And as you can kind of tell, I like to talk about it. Hopefully, I've answered that question.

MR. ARLINGHAUS: I just want to add a little something to that. From our bond rating -- Dana and I sat in on all the bond rating agency calls with the Treasurer in early December?

MS. CALL: December. We just issued, yeah.

MR. ARLINGHAUS: That's not where their concerns lie. Their demographic concerns they have, and they downgraded Vermont recently for demographic reasons, and ours aren't on the discussion on that. I think in terms of the liability issue there's a couple things to remember. I mean, I remember when it was 100% funded, too. But things are getting a little bit better on the retirement side and these are -- there are, obviously, policy questions that are better attained about how aggressively do you want to get to 100% funding and how aggressively don't you. We are on a track to get there in, what, 23 or 24 years, essentially like paying down a mortgage, and that looks to be going reasonably well.

On the OPEB side, the other benefit, I think that over the years legislatures, various legislatures have made policy decisions to do -- to do a pay-as-you-go. I think arguably that's a -- that would be a less defensible mechanism for funding retirement if we did the New Hampshire Retirement System on a pay-as-you-go model. I think people would be alarmed and, you know, even in Chicago. And I think that but for the -- on

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the OPEB side, I think it's been a long-standing decision to fund it – and we've had internal discussions about whether we want to seek funding for it – to fund it at a nominal, relatively trivial percentage terms amount would be a significant administrative burden and difficulty.

And so I would just say that if you did decide to fund it, you should either, you know, go big or go home. If you aren't going to fund it to a significant extent, I think the administrative burden isn't worth the -- you're not getting enough to make it worth your while. So I just add that. Try to avoid more work for people who don't have excess capacity.

CHAIRWOMAN WALLNER: Further questions? Thank you very much. We appreciate the presentation and for all your hard work.

REP. WEYLER: And having it in on time.

CHAIRWOMAN WALLNER: Yes, on time.

REP. OBER: That helps when you have staffing, which they finally got.

REP. WEYLER: We already previously accepted this report.

CHAIRWOMAN WALLNER: Yes, it's already been accepted and we appreciate your being here today. Thank you.

MS. CALL: Thank you.

MR. ROMANO: Thank you very much.

CHAIRWOMAN WALLNER: Unless there's further business to come before the Fiscal Committee. Oh, Mr. Kane.

MR. KANE: Sure, just the date of the next meeting.

CHAIRWOMAN WALLNER: Date of the next meeting. I -- you want to go on?

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MR. KANE: Sure. So with February -- in the past the Committee had chosen a certain week of a month and that gave predictability to the members of the agencies. So it's up to the Committee if they want to continue that practice. Just for -- February is a little different because the Governor's budget is going to be released on February 14<sup>th</sup>. The Finance Committee is going to be pretty busy. The 8<sup>th</sup> is available and that would run into the Governor's Budget presentation if you want that. Now going forward into March and April the Committee could choose whatever you'd like, first, second, third week of the month, whatever works for people's schedule if you like.

CHAIRWOMAN WALLNER: I would like to see us pick a day that we consistently meet each month so that the Departments will know when we're meeting, and so that we can all put it in our calendars and reserve those dates. If the second Tuesday of the month works for people, I would suggest that.

REP. WEYLER: Tuesday or Friday?

CHAIRWOMAN WALLNER: Second Friday of the month, I'm sorry. The second Friday of the month work?

REP. LEISHMAN: Sure.

SEN. D'ALLESANDRO: Sure.

CHAIRWOMAN WALLNER: Okay. So let's put the second Friday of the month into our calendars and --

REP. OBER: Except for -- well, that happens to be February is the second, yeah. That's good.

CHAIRWOMAN WALLNER: Okay. So the second Friday of each month. The Departments will then know that, and we'll all have it in our calendars and we'll keep that day free. So thank you, Mr. Kane, for reminding me of that.

MR. KANE: Okay, you're welcome.

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CHAIRWOMAN WALLNER: Any other further business? Seeing none, we're adjourned.

(The meeting adjourned at 11:35 a.m.)

## CERTIFICATION

I, Cecelia A. Trask, a Licensed Court Reporter-Shorthand, do hereby certify that the foregoing transcript is a true and accurate transcript from my shorthand notes taken on said date to the best of my ability, skill, knowledge and judgment.

*Cecelia A. Trask*

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